

Malayan Banking (MAY MK)

4Q25: Holding Steady

Highlights

- Maybank reported 4Q25 net profit of RM2.67b (+5.7% yoy, +2.1% qoq), broadly in line with expectations with 2025 earnings representing 101%/100% of our and consensus full-year estimates respectively.
- Positively, group NIM improved 7bp qoq to 2.09% in 4Q25, driven by better asset-liability management.
- Maintain HOLD with a higher target price of RM12.30 (1.35x 2027F P/B, ROE: 11.4%), up from RM10.52, driven by earnings revisions and rolling forward our valuation to FY27. The stock is currently trading at +0.5SD above its historical mean P/B, which we deem as fair given the limited scope to raise dividend payouts further in the near term, in our view.

4Q25 Results

Year to 31 Dec	4Q25 (RMm)	4Q24 (RMm)	yoy % chg	2025 (RMm)	yoy % chg
Net Interest Income	3,494.3	3,352.6	4.2	13,157.0	2.7
Islamic Banking	2,285.7	2,016.9	13.3	8,653.3	3.7
Fees & Commissions	1,029.4	946.5	8.8	3,994.8	4.3
Net insurance income	243.7	100.7	142.0	(450.3)	(30.4)
Net trading income	(7.9)	944.3	(100.8)	1,943.5	(42.5)
Other Operating Income	474.1	61.1	676.0	3,081.3	66.0
Total Income	7,519.2	7,422.0	1.3	30,379.5	2.7
Operating Expenses	(3,658.3)	(3,687.5)	(0.8)	(14,839.2)	2.6
PPOP	3,860.8	3,734.6	3.4	15,540.3	2.8
Provisions	(9.0)	(444.8)	(98.0)	(562.1)	(66.4)
Writeback/(Impairment)	(216.9)	71.5	(403.4)	(918.6)	n.a.
Associate	86.9	52.9	64.2	274.3	16.1
PBT	3,721.8	3,414.1	9.0	14,333.8	4.6
Net Profit	2,675.7	2,532.2	5.7	10,513.9	4.2
EPS (sen)	23.8	22.5	5.6	93.4	4.2
DPS (sen)	33.0	32.0	3.1	63.0	3.3
Financial Ratios (%)	4Q25 %	4Q24 %	yoy +/- ppt	3Q25 %	qoq +/- ppt
Loan Growth, yoy	0.7	1.6	(0.8)	0.6	0.1
Loan/Deposit Ratio	97.0	93.0	4.0	94.9	2.1
Cost/Income Ratio	48.7	49.7	(1.0)	48.9	(0.3)
ROE	11.5	11.0	0.5	11.2	0.3
Gross Impairment Loan Ratio	1.3	1.2	0.0	1.3	(0.0)
Credit Costs (bp)	0.5	26.4	(25.9)	(15.0)	15.5

Source: Maybank, UOB Kay Hian

Analysis

- In line.** Malayan Banking (Maybank) reported 4Q25 net profit of RM2.67b (+5.7% yoy, +2.1% qoq), bringing 2025 earnings to RM10.5b (+4.2% yoy), broadly in line at 101%/100% of our/consensus estimates respectively.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	12,807	13,157	13,121	13,824	14,616
Non-interest income	8,419	8,569	8,922	9,326	9,611
Net profit (rep./act.)	10,089	10,514	10,895	11,325	11,994
Net profit (adj.)	10,089	10,514	10,895	11,325	11,994
EPS (sen)	89.7	93.5	99.9	102.0	106.1
PE (x)	13.4	12.8	12.0	11.8	11.3
P/B (x)	1.4	1.4	1.3	1.3	1.3
Dividend yield (%)	5.1	5.3	5.7	5.9	6.2
Net int margin (%)	2.17	2.20	2.23	2.24	2.25
Cost/income (%)	48.9	48.8	50.0	49.9	50.2
Loan loss cover (%)	122.4	98.3	124.0	129.9	131.2
Consensus net profit	-	-	10,879	11,491	-
UOBKH/Consensus (x)	-	-	1.00	0.99	-

Source: Maybank, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM12.00
Target Price	RM12.30
Upside	+2.5%
Previous TP	RM 10.52

Analyst(s)

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Stock Data

GICS Sector	Financials
Bloomberg ticker	MAY MK
Shares issued (m)	23,081.1
Market cap (RMm)	244,983.3
Market cap (US\$m)	37,184.1
3-mth avg daily t'over (US\$m)	48.9

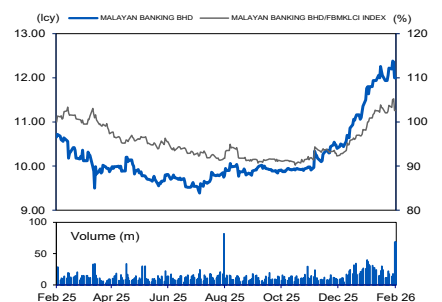
Price Performance (%)

52-week high/low			RM12.42/RM9.32	
1mth	3mth	6mth	1yr	YTD
4.3	20.2	23.1	12.1	14.5

Major Shareholders

	%
Amanah Saham Nasional	33.7
Employees Provident Fund Board	12.3
Yayasan Perlaburan Bumiputra	6.4
FY26F NAV/Share (RM)	8.64
FY26F CAR Tier -1 (%)	16.0

Price Chart



Source: Bloomberg

Company Description

The largest banking group in Malaysia in terms of asset size. Maybank also has sizeable exposure to foreign markets, with foreign loans, mainly in Singapore and Indonesia, making up 33% of its loan base

- **Lower provisions and cost discipline anchor earnings.** 2025 growth was mainly driven by a lower net credit cost of 8bp (2024: 26bp) and neutral operating JAWS, which kept the cost-to-income ratio stable. Revenue rose a modest 3% yoy as net interest income was partly weighed down by a weaker rupiah at its Indonesian operations, while non-interest income was affected by lower trading gains, partly cushioned by strong wealth management fee growth (+27% yoy).
- **4Q25 earnings trend.** 4Q25 earnings rose 5.7% yoy, supported by: a) lower net credit costs driven by recoveries in the non-retail portfolio, b) positive operating JAWS, and c) a 3bp uplift in NIM. This was partly offset by a 23% decline in non-interest income due to sharply lower trading gains. Earnings edged up 2% qoq in 4Q25, supported by lower provisions, NIM recovery, and positive operating JAWS, although softer trading gains partially capped growth.
- **NIM recovers.** Group NIM improved 7bp qoq to 2.09% in 4Q25, driven by better asset-liability management and deposit repricing. Management is guiding for a stable NIM trend in 2026 vs our 2bp expansion forecast.
- **Asset quality remains fairly stable.** Group GIL ratio declined by 4bp qoq to 1.28% on the back of both recoveries and write-off within the consumer portfolio.
- **Lower net credit cost.** The net credit charge-off rate improved to 1bp in 4Q25, bringing 2025 net credit cost to 8bp (2024: 26bp), driven by the reclassification of provisions for a single corporate account following a restructuring exercise, recoveries and writeback in management overlays. Management overlays stood at RM2.3b, declining from RM2.5b in 3Q25 (2024: RM1.7b), with a 67%:33% split between retail and SME/commercial & corporate borrowers. Loan-loss coverage ratio stood at a healthy 106% vs pre-pandemic average of 80%.
- **2026 targets.** Management's key 2026 guidance are: a) ROE: >11.8%, b) loans growth: 4-5%, c) net credit cost 20bp, d) NIM: Stable and e) cost-to-income ratio of equal/less than 49%.
- **Dividend payout maintained.** The group declared a 33 sen DPS, bringing 2025 DPS to 63 sen and implying a payout ratio of 72% (2024: 73%). Management did not commit to raising the payout ratio further in the near term, while maintaining its minimum dividend payout policy of 40%

Valuation/Recommendation

- **Maintain HOLD with a higher target price of RM12.30 (1.35x 2027F P/B, ROE: 11.4%),** up from RM10.52, driven by earnings revisions and rolling forward our valuation to 2027. The stock is currently trading at +0.5SD above its historical mean P/B. Given limited near-term scope to raise its dividend payout, we prefer CIMB, which offers cheaper valuations (1.20x P/B for similar ROE), a higher dividend yield (6.0% vs Maybank's 5.6%), and still has room to further increase its payout ratio.

Earnings Revision/Risk

- We raise 2026-27 earnings by 3% after lowering our credit cost assumptions closer to management's latest guidance, and also introduce our 2028 earnings assumption of RM11.9b.

Share Price Catalyst

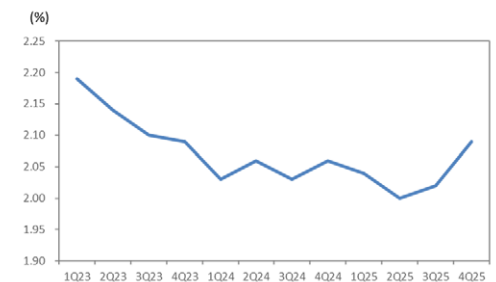
- Stronger-than-expected wealth management income.
- Stronger-than-expected NIM trend.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	5.0	5.0	5.5
Credit Cost (bp)	20.0	20.0	20.0
ROE	11.2	11.4	11.9

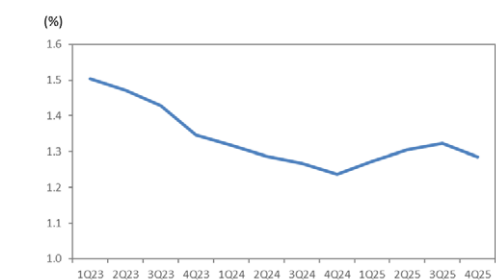
Source: Maybank

Maybank NIM trend



Source: Maybank

Maybank GIL ratio trend



Source: Maybank

Environmental, Social, Governance (ESG) Updates

Environmental

- **Green loan commitment.** To provide RM50b in sustainable financing by 2025.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social

- **Board and upper management gender diversity.** Maintained 25% female directors on the Board and 40% females in senior management.
- **Enhanced financial inclusion to B40.** Provide greater financial inclusion for vulnerable communities (affordable housing financing) and welfare assistance to vulnerable communities, especially the B40 consumers.

Governance

- **Composition of independent directors.** Composition of Independent Directors (INED) – 75%.

Source: Maybank, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	29,351	29,799	31,359	33,091
Interest expense	(16,194)	(16,678)	(17,534)	(18,475)
Net interest income	13,157	13,121	13,824	14,616
Fees & commissions	3,995	4,195	4,446	4,580
Other income	4,574	4,727	4,880	5,031
Non-interest income	8,569	8,922	9,326	9,611
Income from islamic banking	8,653	9,432	9,998	10,598
Total income	30,380	31,475	33,148	34,824
Staff costs	(8,734)	(9,433)	(9,999)	(10,599)
Other operating expense	(6,105)	(6,291)	(6,536)	(6,873)
Pre-provision profit	15,540	15,751	16,613	17,352
Loan loss provision	(562)	(1,440)	(1,519)	(1,603)
Other provisions	(919)	0	0	0
Associated companies	274	291	308	327
Other non-operating income	0	0	0	0
Pre-tax profit	14,334	14,602	15,402	16,076
Tax	(3,502)	(3,405)	(3,764)	(3,749)
Minorities	(317)	(302)	(314)	(333)
Net profit	10,514	10,895	11,325	11,994
Net profit (adj.)	10,514	10,895	11,325	11,994

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	11,959	7,199	7,595	8,013
Govt treasury bills & securities	52,572	53,623	54,696	55,790
Interbank loans	14,030	14,171	14,312	14,456
Customer loans	676,981	708,576	747,505	788,527
Investment securities	204,151	218,349	233,518	249,725
Derivative receivables	17,640	17,640	17,640	17,640
Associates & JVs	1,832	1,832	1,832	1,832
Fixed assets (incl. prop.)	4,382	4,601	4,832	5,073
Other assets	70,035	74,623	79,686	85,287
Total assets	1,053,584	1,100,615	1,161,616	1,226,342
Interbank deposits	42,587	43,865	45,181	46,536
Customer deposits	730,993	767,543	809,758	854,294
Derivative payables	24,536	24,536	24,536	24,536
Debt equivalents	16,030	16,030	16,030	16,030
Other liabilities	142,595	147,667	160,862	175,194
Total liabilities	956,742	999,641	1,056,367	1,116,591
Shareholders' funds	93,445	97,274	101,235	105,404
Minority interest - accumulated	3,397	3,700	4,015	4,348
Total equity & liabilities	1,053,584	1,100,615	1,161,616	1,226,342

Operating Ratios

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	16.4	16.0	15.8	15.6
Total CAR	20.0	21.4	20.9	20.6
Total assets/equity (x)	11.2	11.3	11.4	11.6
Tangible assets/tangible common equity (x)	12.0	12.0	12.2	12.3
Asset Quality				
NPL ratio	1.3	1.3	1.2	1.2
Loan loss coverage	98.3	124.0	129.9	131.2
Loan loss reserve/gross loans	1.6	1.6	1.6	1.6
Increase in NPLs	5.8	3.9	1.0	5.2
Credit cost (bp)	8.2	20.0	20.0	20.0
Liquidity				
Loan/deposit ratio	92.6	92.3	92.3	92.3
Liquid assets/short-term liabilities	10.1	9.2	8.9	8.7
Liquid assets/total assets	7.5	6.8	6.6	6.4

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net interest income, yoy chg	2.7	(0.3)	5.4	5.7
Fees & commissions, yoy chg	4.3	5.0	6.0	3.0
Pre-provision profit, yoy chg	2.8	1.4	5.5	4.4
Net profit, yoy chg	4.2	3.6	3.9	5.9
Net profit (adj.), yoy chg	0.0	0.0	0.0	0.0
Customer loans, yoy chg	2.1	4.7	5.5	5.5
Customer deposits, yoy chg	(1.5)	5.0	5.5	5.5
Profitability				
Net interest margin	2.20	2.23	2.24	2.25
Cost/income ratio	48.8	50.0	49.9	50.2
Adjusted ROA	1.0	1.0	1.0	1.0
Reported ROE	11.3	11.2	11.4	11.8
Adjusted ROE	11.3	11.2	11.4	11.8
Valuation				
P/BV (x)	1.4	1.3	1.3	1.3
P/NTA (x)	1.6	1.4	1.4	1.4
Adjusted P/E (x)	12.8	12.0	11.8	11.3
Dividend Yield	5.3	5.7	5.9	6.2
Payout ratio	67.4	67.9	69.1	70.4

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